



**PAN HONG HOLDINGS GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)  
(Co. Reg. No: 37749)

**3<sup>rd</sup> QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for corresponding period of the immediately preceding financial year.**

| RMB'000                                                                                                                        | Group                        |                              |                         |                              |                              |                         |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-------------------------|------------------------------|------------------------------|-------------------------|
|                                                                                                                                | 3 months ended<br>31/12/2016 | 3 months ended<br>31/12/2015 | Increase/<br>(Decrease) | 9 months ended<br>31/12/2016 | 9 months ended<br>31/12/2015 | Increase/<br>(Decrease) |
|                                                                                                                                | (Unaudited)                  | (Unaudited)                  |                         | (Unaudited)                  | (Unaudited)                  |                         |
| Revenue                                                                                                                        | 98,731                       | 94,563                       | 4.4%                    | 606,016                      | 484,411                      | 25.1%                   |
| Cost of Sales                                                                                                                  | (72,764)                     | (88,038)                     | (17.3%)                 | (472,818)                    | (420,315)                    | 12.5%                   |
| <b>Gross profit</b>                                                                                                            | <b>25,967</b>                | <b>6,525</b>                 | <b>298.0%</b>           | <b>133,198</b>               | <b>64,096</b>                | <b>107.8%</b>           |
| Other income and other gains and losses                                                                                        | 3,080                        | 66,886                       | (95.4%)                 | 16,155                       | 77,178                       | (79.1%)                 |
| Selling and distribution expenses                                                                                              | (6,568)                      | (9,187)                      | (28.5%)                 | (18,642)                     | (23,140)                     | (19.4%)                 |
| Administrative expenses                                                                                                        | (12,872)                     | (13,466)                     | (4.4%)                  | (38,251)                     | (37,982)                     | 0.7%                    |
| <b>Operating profit</b>                                                                                                        | <b>9,607</b>                 | <b>50,758</b>                | <b>(81.1%)</b>          | <b>92,460</b>                | <b>80,152</b>                | <b>15.4%</b>            |
| Finance costs                                                                                                                  | (518)                        | (752)                        | (31.1%)                 | (1,678)                      | (2,354)                      | (28.7%)                 |
| <b>Profit before income tax</b>                                                                                                | <b>9,089</b>                 | <b>50,006</b>                | <b>(81.8%)</b>          | <b>90,782</b>                | <b>77,798</b>                | <b>16.7%</b>            |
| Income tax expense                                                                                                             | (8,557)                      | (16,981)                     | (49.6%)                 | (31,191)                     | (26,553)                     | 17.5%                   |
| <b>Profit for the period</b>                                                                                                   | <b>532</b>                   | <b>33,025</b>                | <b>(98.4%)</b>          | <b>59,591</b>                | <b>51,245</b>                | <b>16.3%</b>            |
| <b>Other comprehensive income, net of tax</b>                                                                                  |                              |                              |                         |                              |                              |                         |
| <b>Item that may be reclassified subsequently to profit or loss:</b>                                                           |                              |                              |                         |                              |                              |                         |
| Exchange differences on translation of financial statements of foreign operations                                              | (3,399)                      | (2,010)                      | 69.1%                   | (8,172)                      | (12,328)                     | (33.7%)                 |
| <b>Other comprehensive income for the period</b>                                                                               | <b>(3,399)</b>               | <b>(2,010)</b>               | <b>69.1%</b>            | <b>(8,172)</b>               | <b>(12,328)</b>              | <b>(33.7%)</b>          |
| <b>Total comprehensive income for the period</b>                                                                               | <b>(2,867)</b>               | <b>31,015</b>                | <b>(109.2%)</b>         | <b>51,419</b>                | <b>38,917</b>                | <b>32.1%</b>            |
| <b>(Loss)/profit for the period attributable to:</b>                                                                           |                              |                              |                         |                              |                              |                         |
| Owners of the Company                                                                                                          | (3,172)                      | 25,389                       | (112.5%)                | 9,196                        | 35,700                       | (74.2%)                 |
| Non-controlling interests                                                                                                      | 3,704                        | 7,636                        | (51.5%)                 | 50,395                       | 15,545                       | 224.2%                  |
|                                                                                                                                | <b>532</b>                   | <b>33,025</b>                | <b>(98.4%)</b>          | <b>59,591</b>                | <b>51,245</b>                | <b>16.3%</b>            |
| <b>Total comprehensive income attributable to:</b>                                                                             |                              |                              |                         |                              |                              |                         |
| Owners of the Company                                                                                                          | (7,057)                      | 23,337                       | (130.2%)                | 513                          | 24,853                       | (97.9%)                 |
| Non-controlling interests                                                                                                      | 4,190                        | 7,678                        | (45.4%)                 | 50,906                       | 14,064                       | 262.0%                  |
|                                                                                                                                | <b>(2,867)</b>               | <b>31,015</b>                | <b>(109.2%)</b>         | <b>51,419</b>                | <b>38,917</b>                | <b>32.1%</b>            |
| <b>(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period (in RMB cents):</b> |                              |                              |                         |                              |                              |                         |
| - Basic and Diluted                                                                                                            | (0.62)                       | 4.96                         | (112.5%)                | 1.80                         | 6.97                         | (74.2%)                 |

Note:

| RMB '000                                                                             | Group                        |                              |                              |                              |
|--------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                                      | 3 months ended<br>31/12/2016 | 3 months ended<br>31/12/2015 | 9 months ended<br>31/12/2016 | 9 months ended<br>31/12/2015 |
|                                                                                      | (Unaudited)                  | (Unaudited)                  | (Unaudited)                  | (Unaudited)                  |
| Profit before income tax is arrived at after charging/(crediting):                   |                              |                              |                              |                              |
| Interest charges on financial liabilities stated at amortised cost                   |                              |                              |                              |                              |
| - Bank and other loans wholly repayable within five years                            | 8,721                        | 27,744                       | 39,115                       | 70,510                       |
| Less: amount capitalised in properties held under development                        | (8,203)                      | (26,992)                     | (37,437)                     | (68,156)                     |
|                                                                                      | 518                          | 752                          | 1,678                        | 2,354                        |
| Cost of properties held for sale recognised as expense                               | 69,933                       | 82,669                       | 443,803                      | 393,017                      |
| Exchange (gain)/loss, net                                                            | (102)                        | 231                          | (100)                        | 250                          |
| Depreciation of property, plant and equipment                                        | 574                          | 557                          | 2,303                        | 1,795                        |
| Less: amount capitalised in properties held under development                        | (61)                         | (47)                         | (198)                        | (229)                        |
|                                                                                      | 513                          | 510                          | 2,105                        | 1,566                        |
| Operating lease charge in respect of land and buildings                              | 247                          | 201                          | 423                          | 409                          |
| Less: amount capitalised in properties held under development                        | -                            | (9)                          | (39)                         | (48)                         |
|                                                                                      | 247                          | 192                          | 384                          | 361                          |
| Staff costs, including directors' remuneration                                       |                              |                              |                              |                              |
| - Wages and salaries                                                                 | 7,218                        | 7,160                        | 21,762                       | 20,217                       |
| - Retirement benefit scheme contributions - defined contribution plans               | 456                          | 500                          | 1,366                        | 1,074                        |
| Less: amount capitalised in properties held under development                        | (1,857)                      | (2,045)                      | (5,389)                      | (5,722)                      |
|                                                                                      | 5,817                        | 5,615                        | 17,739                       | 15,569                       |
| and crediting/(charging):                                                            |                              |                              |                              |                              |
| Interest income from bank deposits and other receivables                             | 1,528                        | 5,153                        | 4,030                        | 11,075                       |
| Net fair value (loss)/gain for financial assets at fair value through profit or loss | (85)                         | 806                          | (315)                        | (4,138)                      |
| Gain on disposal of property, plant and equipment                                    | -                            | -                            | -                            | 54                           |
| Rental income                                                                        | 967                          | 927                          | 10,761                       | 9,701                        |
| Sundry income                                                                        | 370                          | -                            | 978                          | 486                          |
| Additional receivable from a local authority                                         | -                            | 60,000                       | -                            | 60,000                       |
| Government grants                                                                    | 300                          | -                            | 701                          | -                            |

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

|                                                       | Group                              |                               | Company                            |                               |
|-------------------------------------------------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|
|                                                       | 31 December<br>2016<br>(Unaudited) | 31 March<br>2016<br>(Audited) | 31 December<br>2016<br>(Unaudited) | 31 March<br>2016<br>(Audited) |
| <b>RMB'000</b>                                        |                                    |                               |                                    |                               |
| <b>ASSETS AND LIABILITIES</b>                         |                                    |                               |                                    |                               |
| <b>Non-current assets</b>                             |                                    |                               |                                    |                               |
| Property, plant and equipment                         | 78,635                             | 80,249                        | -                                  | -                             |
| Investment properties                                 | 513,254                            | 513,254                       | -                                  | -                             |
| Investments in subsidiaries                           | -                                  | -                             | 564,060                            | 564,060                       |
| Interests in joint ventures                           | 185,264                            | 185,264                       | -                                  | -                             |
| Interests in associates                               | 6,087                              | 6,087                         | -                                  | -                             |
| Other financial assets                                | 25,250                             | 20,000                        | 20,000                             | 20,000                        |
| Financial assets at fair value through profit or loss | 4,778                              | 4,778                         | -                                  | -                             |
| Long-term pledged deposits                            | -                                  | 246,900                       | -                                  | -                             |
| Deferred tax assets                                   | 25,164                             | 25,164                        | -                                  | -                             |
|                                                       | <b>838,432</b>                     | <b>1,081,696</b>              | <b>584,060</b>                     | <b>584,060</b>                |
| <b>Current assets</b>                                 |                                    |                               |                                    |                               |
| Properties held under development                     | 2,338,319                          | 2,220,453                     | -                                  | -                             |
| Properties held for sale                              | 479,272                            | 762,084                       | -                                  | -                             |
| Accounts receivable                                   | 2,251                              | 3,151                         | -                                  | -                             |
| Prepayments and other receivables                     | 458,407                            | 588,331                       | 115                                | 110                           |
| Amounts due from subsidiaries                         | -                                  | -                             | 328,892                            | 258,893                       |
| Financial assets at fair value through profit or loss | 2,657                              | 2,962                         | -                                  | -                             |
| Tax recoverable                                       | 40,619                             | 32,560                        | -                                  | -                             |
| Pledged deposits                                      | 326,751                            | 160,960                       | -                                  | -                             |
| Cash and bank balances                                | 411,422                            | 221,753                       | 131                                | 131                           |
|                                                       | <b>4,059,698</b>                   | <b>3,992,254</b>              | <b>329,138</b>                     | <b>259,134</b>                |
| <b>Current liabilities</b>                            |                                    |                               |                                    |                               |
| Accounts payable                                      | 115,161                            | 54,478                        | -                                  | -                             |
| Accruals, receipts in advance and other payables      | 1,474,150                          | 1,452,394                     | 24,975                             | 269                           |
| Provision for tax                                     | 158,831                            | 195,017                       | -                                  | -                             |
| Amounts due to related parties                        | 34,067                             | 30,239                        | 288,160                            | 248,646                       |
| Bank and other loans                                  | 318,670                            | 514,370                       | -                                  | -                             |
|                                                       | <b>2,100,879</b>                   | <b>2,246,498</b>              | <b>313,135</b>                     | <b>248,915</b>                |
| <b>Net current assets</b>                             | <b>1,958,819</b>                   | <b>1,745,756</b>              | <b>16,003</b>                      | <b>10,219</b>                 |
| <b>Total assets less current liabilities</b>          | <b>2,797,251</b>                   | <b>2,827,452</b>              | <b>600,063</b>                     | <b>594,279</b>                |
| <b>Non-current liabilities</b>                        |                                    |                               |                                    |                               |
| Bank and other loans                                  | 560,970                            | 566,009                       | -                                  | -                             |
| Deferred tax liabilities                              | 75,903                             | 75,903                        | -                                  | -                             |
|                                                       | <b>636,873</b>                     | <b>641,912</b>                | <b>-</b>                           | <b>-</b>                      |
| <b>Net assets</b>                                     | <b>2,160,378</b>                   | <b>2,185,540</b>              | <b>600,063</b>                     | <b>594,279</b>                |
| <b>EQUITY</b>                                         |                                    |                               |                                    |                               |
| <b>Equity attributable to the Company's owners</b>    |                                    |                               |                                    |                               |
| Share capital                                         | 313,446                            | 313,446                       | 313,446                            | 313,446                       |
| Reserves                                              | 1,225,522                          | 1,287,266                     | 286,617                            | 280,833                       |
|                                                       | <b>1,538,968</b>                   | <b>1,600,712</b>              | <b>600,063</b>                     | <b>594,279</b>                |
| <b>Non-controlling interests</b>                      | <b>621,410</b>                     | <b>584,828</b>                | <b>-</b>                           | <b>-</b>                      |
| <b>Total equity</b>                                   | <b>2,160,378</b>                   | <b>2,185,540</b>              | <b>600,063</b>                     | <b>594,279</b>                |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand**

**Amount repayable in one year or less, or on demand**

| As at 31/12/2016 |           | As at 31/03/2016 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| RMB'000          | RMB'000   | RMB'000          | RMB'000   |
| 318,670          | -         | 514,370          | -         |

**Amount repayable after one year**

| As at 31/12/2016 |           | As at 31/03/2016 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| RMB'000          | RMB'000   | RMB'000          | RMB'000   |
| 560,970          | -         | 566,009          | -         |

**Details of any collateral**

Bank and other loans of approximately RMB613,125,000 were secured by the Group's properties and land use rights which were classified as "Leasehold interest in land and buildings", "Investment properties", "Properties held under development" as well as "Properties held for sale" as at 31 December 2016. Bank and other loans of approximately RMB266,515,000 were mainly secured by a deposit of RMB261,400,000 which were classified as "Pledged deposits" as at 31 December 2016.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| RMB'000                                                                                              | Group                                          |                                                |                                                |                                                |
|------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
|                                                                                                      | 3 months<br>ended<br>31/12/2016<br>(Unaudited) | 3 months<br>ended<br>31/12/2015<br>(Unaudited) | 9 months<br>ended<br>31/12/2016<br>(Unaudited) | 9 months<br>ended<br>31/12/2015<br>(Unaudited) |
| <b>Cash flows from operating activities</b>                                                          |                                                |                                                |                                                |                                                |
| Profit before income tax                                                                             | 9,089                                          | 50,006                                         | 90,782                                         | 77,798                                         |
| Adjustments for:                                                                                     |                                                |                                                |                                                |                                                |
| Interest income                                                                                      | (1,528)                                        | (5,153)                                        | (4,030)                                        | (11,075)                                       |
| Interest expense                                                                                     | 518                                            | 752                                            | 1,678                                          | 2,354                                          |
| Depreciation of property, plant and equipment                                                        | 513                                            | 510                                            | 2,105                                          | 1,566                                          |
| Gain on disposal of property, plant and equipment                                                    | -                                              | -                                              | -                                              | (54)                                           |
| Net fair value loss/(gain) for financial assets at fair value through profit and loss                | 85                                             | (806)                                          | 315                                            | 4,138                                          |
| <b>Operating profit before working capital changes</b>                                               | <b>8,677</b>                                   | <b>45,309</b>                                  | <b>90,850</b>                                  | <b>74,727</b>                                  |
| (Increase)/decrease in properties held under development and properties held for sale                | (41,735)                                       | 37,454                                         | 202,581                                        | 67,831                                         |
| (Increase)/decrease in accounts and other receivables and prepayments and deposit paid               | (2,654)                                        | (45,364)                                       | 131,262                                        | (95,664)                                       |
| Increase in financial assets at fair value through profit or loss                                    | -                                              | -                                              | (10)                                           | -                                              |
| Increase in accounts and bill payables, accruals, receipts in advance and other payables             | 142,367                                        | 82,114                                         | 57,734                                         | 246,701                                        |
| <b>Cash generated from operations</b>                                                                | <b>106,655</b>                                 | <b>119,513</b>                                 | <b>482,417</b>                                 | <b>293,595</b>                                 |
| Interest received                                                                                    | 1,528                                          | 5,153                                          | 4,030                                          | 11,619                                         |
| Income taxes paid                                                                                    | (8,449)                                        | (12,394)                                       | (75,436)                                       | (40,985)                                       |
| <b>Net cash generated from operating activities</b>                                                  | <b>99,734</b>                                  | <b>112,272</b>                                 | <b>411,011</b>                                 | <b>264,229</b>                                 |
| <b>Cash flows from investing activities</b>                                                          |                                                |                                                |                                                |                                                |
| Purchases of property, plant and equipment                                                           | (158)                                          | (685)                                          | (572)                                          | (1,628)                                        |
| Proceeds from disposal of property, plant and equipment                                              | -                                              | -                                              | -                                              | 534                                            |
| Investments in other financial assets                                                                | -                                              | -                                              | (5,250)                                        | -                                              |
| Deposit paid for subscription of equity interests in an associate                                    | -                                              | (11,273)                                       | -                                              | (11,273)                                       |
| Decrease in pledged deposits with original maturity over three months                                | 106,554                                        | 175,890                                        | 81,109                                         | 206,274                                        |
| <b>Net cash generated from investing activities</b>                                                  | <b>106,396</b>                                 | <b>163,932</b>                                 | <b>75,287</b>                                  | <b>193,907</b>                                 |
| <b>Cash flows from financing activities</b>                                                          |                                                |                                                |                                                |                                                |
| Advance from/(repayment to) related companies                                                        | 317                                            | (61,170)                                       | 3,817                                          | (83,943)                                       |
| Dividend paid to non-controlling interest of a subsidiary                                            | -                                              | -                                              | (14,324)                                       | -                                              |
| Dividend paid to owners of the Company                                                               | -                                              | -                                              | (37,552)                                       | -                                              |
| Gross proceeds from placing of new shares to non-controlling interests by a subsidiary               | -                                              | 40,820                                         | -                                              | 40,820                                         |
| Transaction costs attributable to placing of new shares to non-controlling interests by a subsidiary | -                                              | (2,798)                                        | -                                              | (2,798)                                        |
| New borrowings                                                                                       | 95,683                                         | 493,823                                        | 342,045                                        | 630,986                                        |
| Repayment of borrowings                                                                              | (156,452)                                      | (727,032)                                      | (551,760)                                      | (1,014,130)                                    |
| Interest paid                                                                                        | (8,721)                                        | (30,679)                                       | (39,115)                                       | (72,347)                                       |
| <b>Net cash used in financing activities</b>                                                         | <b>(69,173)</b>                                | <b>(287,036)</b>                               | <b>(296,889)</b>                               | <b>(501,412)</b>                               |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                          | <b>136,957</b>                                 | <b>(10,832)</b>                                | <b>189,409</b>                                 | <b>(43,276)</b>                                |
| <b>Effect of foreign exchange difference</b>                                                         | <b>88</b>                                      | <b>105</b>                                     | <b>260</b>                                     | <b>484</b>                                     |
| <b>Cash and cash equivalents at beginning of the period</b>                                          | <b>274,377</b>                                 | <b>277,436</b>                                 | <b>221,753</b>                                 | <b>309,501</b>                                 |
| <b>Cash and cash equivalents at end of the period (Note)</b>                                         | <b>411,422</b>                                 | <b>266,709</b>                                 | <b>411,422</b>                                 | <b>266,709</b>                                 |
| <b>Note:</b>                                                                                         |                                                |                                                |                                                |                                                |
| <b>Analysis of balances of cash and cash equivalents</b>                                             |                                                |                                                |                                                |                                                |
| Cash and cash equivalents                                                                            | 411,422                                        | 266,709                                        | 411,422                                        | 266,709                                        |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| Group                                                                             | Equity attributable to equity holders of the Company |                 |               |                |                   |                 |               |                  |                   |           | Non - Controlling interests | Total equity |
|-----------------------------------------------------------------------------------|------------------------------------------------------|-----------------|---------------|----------------|-------------------|-----------------|---------------|------------------|-------------------|-----------|-----------------------------|--------------|
|                                                                                   | Share capital                                        | Treasury shares | Share premium | Merger reserve | Statutory reserve | Capital reserve | Other reserve | Exchange reserve | Retained earnings | Total     |                             |              |
| <b>At 1 October 2015 (unaudited)</b>                                              | RMB'000                                              | RMB'000         | RMB'000       | RMB'000        | RMB'000           | RMB'000         | RMB'000       | RMB'000          | RMB'000           | RMB'000   | RMB'000                     | RMB'000      |
| Profit for the period                                                             | 313,446                                              | (12,817)        | 203,250       | (2,243)        | 84,438            | 3,838           | 82,217        | (11,121)         | 866,030           | 1,527,038 | 528,782                     | 2,055,820    |
| Other comprehensive income                                                        | -                                                    | -               | -             | -              | -                 | -               | -             | -                | 25,389            | 25,389    | 7,636                       | 33,025       |
| Exchange differences on translation of financial statements of foreign operations | -                                                    | -               | -             | -              | -                 | -               | -             | (2,052)          | -                 | (2,052)   | 42                          | (2,010)      |
| <b>Total comprehensive income for the period</b>                                  | -                                                    | -               | -             | -              | -                 | -               | -             | (2,052)          | 25,389            | 23,337    | 7,678                       | 31,015       |
| Deemed disposal of subsidiaries arisen from shares placement of a subsidiary      | -                                                    | -               | -             | -              | -                 | -               | 4,911         | 192              | -                 | 5,103     | 32,919                      | 38,022       |
| <b>At 31 December 2015 (unaudited)</b>                                            | 313,446                                              | (12,817)        | 203,250       | (2,243)        | 84,438            | 3,838           | 87,128        | (12,981)         | 891,419           | 1,555,478 | 569,379                     | 2,124,857    |
| <b>At 1 October 2016 (unaudited)</b>                                              | 313,446                                              | (12,817)        | 203,250       | (2,243)        | 88,385            | 3,838           | 87,128        | (17,378)         | 907,121           | 1,570,730 | 617,220                     | 2,187,950    |
| Profit for the period                                                             | -                                                    | -               | -             | -              | -                 | -               | -             | -                | (3,172)           | (3,172)   | 3,704                       | 532          |
| Other comprehensive income                                                        | -                                                    | -               | -             | -              | -                 | -               | -             | -                | -                 | -         | -                           | -            |
| Exchange differences on translation of financial statements of foreign operations | -                                                    | -               | -             | -              | -                 | -               | -             | (3,885)          | -                 | (3,885)   | 486                         | (3,399)      |
| <b>Total comprehensive income for the period</b>                                  | -                                                    | -               | -             | -              | -                 | -               | -             | (3,885)          | (3,172)           | (7,057)   | 4,190                       | (2,867)      |
| Interim dividend declared                                                         | -                                                    | -               | -             | -              | -                 | -               | -             | -                | (24,705)          | (24,705)  | -                           | (24,705)     |
| <b>At 31 December 2016 (unaudited)</b>                                            | 313,446                                              | (12,817)        | 203,250       | (2,243)        | 88,385            | 3,838           | 87,128        | (21,263)         | 879,244           | 1,538,968 | 621,410                     | 2,160,378    |

  

| Company                                | Share capital | Treasury shares | Share premium | Contributed surplus | Retained earnings | Total    |
|----------------------------------------|---------------|-----------------|---------------|---------------------|-------------------|----------|
|                                        | RMB'000       | RMB'000         | RMB'000       | RMB'000             | RMB'000           | RMB'000  |
| <b>At 1 October 2015 (unaudited)</b>   | 313,446       | (12,817)        | 203,250       | 59,579              | 31,865            | 595,323  |
| Loss for the period                    | -             | -               | -             | -                   | (520)             | (520)    |
| <b>At 31 December 2015 (unaudited)</b> | 313,446       | (12,817)        | 203,250       | 59,579              | 31,345            | 594,803  |
| <b>At 1 October 2016 (unaudited)</b>   | 313,446       | (12,817)        | 203,250       | 59,579              | 61,940            | 625,398  |
| Loss for the period                    | -             | -               | -             | -                   | (630)             | (630)    |
| Interim dividend declared              | -             | -               | -             | -                   | (24,705)          | (24,705) |
| <b>At 31 December 2016 (unaudited)</b> | 313,446       | (12,817)        | 203,250       | 59,579              | 36,605            | 600,063  |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### **SHARE CAPITAL**

| Date                                  | Particulars                                       | <b><u>Number of shares</u></b>                      |                 | <b><u>Amount</u></b>     |                            |
|---------------------------------------|---------------------------------------------------|-----------------------------------------------------|-----------------|--------------------------|----------------------------|
|                                       |                                                   | Issued share capital<br>(including treasury shares) | Treasury shares | Share capital<br>RMB'000 | Treasury shares<br>RMB'000 |
| 01 April 2016 and<br>31 December 2016 | Balance at beginning and<br>the end of the period | 518,855,024                                         | (6,544,000)     | 313,446                  | (12,817)                   |

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceeding year.**

The total number of issued ordinary shares as at 31 December 2016 was 518,855,024 (31 March 2016: 518,855,024), of which 6,544,000 (31 March 2016: 6,544,000) were held by the Company as treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

NIL

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the audited financial statement for the year ended 31 March 2016.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised International Financial Reporting Standards (IFRSs) which became effective for financial periods beginning on 1 April 2016. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

**6. Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|                                                    | <b>Group</b>                                         |                                                      |                                                      |                                                      |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|                                                    | 3 months ended<br>31 December<br>2016<br>(Unaudited) | 3 months ended<br>31 December<br>2015<br>(Unaudited) | 9 months ended<br>31 December<br>2016<br>(Unaudited) | 9 months ended<br>31 December<br>2015<br>(Unaudited) |
| (Loss)/earnings per ordinary share (in RMB cents): |                                                      |                                                      |                                                      |                                                      |
| - Basic and Diluted                                | (0.62)                                               | 4.96                                                 | 1.80                                                 | 6.97                                                 |

Note:

The calculation of basic loss/earnings per share was based on the loss attributable to equity holders of the Company of approximately RMB3,172,000 for the 3 months ended 31 December 2016 (3 months ended 31 December 2015: profit attributable to equity holders of the Company of approximately RMB25,389,000) and profit attributable to equity holders of the Company of approximately RMB9,196,000 for the 9 months ended 31 December 2016 (9 months ended 31 December 2015: RMB35,700,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) for the 3 months ended 31 December 2016 (3 months ended 31 December 2015: the weighted average of 512,311,024) and weighted average of 512,311,024 ordinary share (excluding treasury shares) for the 9 months ended 31 December 2016 (9 months ended 31 December 2015: the weighted average of 512,311,024).

Diluted loss/earnings per share for the 3 months ended 31 December 2016 and 9 months 31 December 2016 are the same as the basic loss/earnings per share respectively as there are no dilutive potential share (3 months and 9 months ended 31 December 2015: Nil).

**7. Net asset value (for the issuer and group) per ordinary share based on of the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

|                                                              | <b>Group</b>                |                             | <b>Company</b>              |                             |
|--------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                              | <b>As at<br/>31/12/2016</b> | <b>As at<br/>31/03/2016</b> | <b>As at<br/>31/12/2016</b> | <b>As at<br/>31/03/2016</b> |
| <b>Net asset value per ordinary share<br/>(in RMB cents)</b> | <b>421.69</b>               | <b>426.60</b>               | <b>117.13</b>               | <b>116.00</b>               |

Note:

- (1) The number of ordinary shares of the Company as at 31 December 2016 was 512,311,024 (excluding treasury shares) (31 March 2016: 512,311,024).
- (2) For information purposes, the net asset value per ordinary share attributable to the Company's owners of the Group (excluding non-controlling interests) as at 31 December 2016 was RMB300.40 cents (31 March 2016: RMB312.45 cents).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

(a) REVIEW OF FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2016 ("3Q2017") COMPARED TO THE PREVIOUS CORRESPONDING QUARTER ENDED 31 DECEMBER 2015 ("3Q2016")

#### Revenue

|                       | Group                                                |                                                      |                                                      |                                                      |
|-----------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|                       | 3 months ended<br>31 December<br>2016<br>(Unaudited) | 3 months ended<br>31 December<br>2015<br>(Unaudited) | 9 months ended<br>31 December<br>2016<br>(Unaudited) | 9 months ended<br>31 December<br>2015<br>(Unaudited) |
| Revenue (RMB'000):    |                                                      |                                                      |                                                      |                                                      |
| Residential           | 94,349                                               | 91,740                                               | 590,481                                              | 467,701                                              |
| Commercial and others | 4,382                                                | 2,823                                                | 15,535                                               | 16,710                                               |
|                       | 98,731                                               | 94,563                                               | 606,016                                              | 484,411                                              |

The Group's revenue in 3Q2017 was RMB98.7 million compared to RMB94.6 million in 3Q2016, an increase of 4.4%.

The revenue in 3Q2017 comprised mainly the handover of residential units sold under Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Zones 2 and 3 and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3. In 3Q2016, the revenue was mainly derived from handover of residential units sold under Yichun Royal Lake City (宜春御湖城) Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of sold properties. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

#### Cost of Sales and Gross Profit Margin

Cost of sales for 3Q2017 comprised mainly the costs of residential units sold under Nanchang Sino Harbour Kaixuan City Zones 2 and 3 and Fuzhou Hua Cui Ting Yuan Phase 3 while the cost of sales for 3Q2016 was mainly attributable to the costs of residential units sold under Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3.

The increase in gross profit margin from 6.9% in 3Q2016 to 26.3% in 3Q2017 was mainly due to the handover of Nanchang Sino Harbour Kaixuan City Zone 2 in 3Q2017, comprising mainly townhouses which had a higher profit margin compared to other residential units.

#### Other income and Other Gains and Losses

Other income and other gains and losses decreased from RMB66.9 million in 3Q2016 to RMB3.1 million in 3Q2017. The decrease was mainly due to an additional receivable of RMB60.0 million from a local regional government committee in respect of a long outstanding receivable in 3Q2016, which was a one-off other income. Accordingly, the other income and other gains and losses decreased by 95.4%.

### **Selling and Distribution Expenses**

Selling and distribution expenses decreased from RMB9.2 million in 3Q2016 to RMB6.6 million in 3Q2017. The lower selling expenses in 3Q2016 was mainly due to a decrease in advertising and promotion costs in respect of Yichun Royal Lake City and Pan Hong Run Yuan (汎港潤源) Phase 1.

### **Income Tax Expense**

Income tax expense decreased from RMB17.0 million in 3Q2016 to RMB8.6 million in 3Q2017. The decrease was mainly attributable to the lower profits generated in 3Q2017.

### **Profit for the Period**

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB532,000 in 3Q2017, decrease from RMB33.0 million in 3Q2016.

### **Exchange Differences on Translation of Financial Statements of Foreign Operations**

Exchange differences on translation of financial statements of foreign operations increased from RMB2.0 million in 3Q2016 to RMB3.4 million 3Q2017. The exchange difference resulted from a translation loss of the Group's subsidiaries which were denominated in Hong Kong Dollar ("HKD"). The translation loss was higher as there was a greater extent of depreciation of RMB against HKD in 3Q2017 compared to in 3Q2016.

### **Total Comprehensive Income for the Period**

As a cumulative effect of the above factors, the Group recorded a loss in total comprehensive income for the period of RMB2.9 million in 3Q2017, compared to a total comprehensive income for the period of RMB31.0 million in 3Q2016.

## **(b) REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 AND CASH FLOW FOR 3Q2017**

### **Other Financial Assets**

Other financial assets increased from RMB20.0 million as at 31 March 2016 to RMB25.3 million as at 31 December 2016. The increase was due to the acquisition of equity interests in a number of entities incorporated in the People's Republic of China ("PRC"). The Group does not have control nor significant influence in these entities. Accordingly, the Group has accounted for these investments as available-for-sale financial assets under other financial assets.

### **Properties Held Under Development**

The Group's properties held under development increased by RMB117.8 million from RMB2,220.5 million as at 31 March 2016 to RMB2,338.3 million as at 31 December 2016. The increase was mainly attributable to the construction progress of property projects such as Huzhou Hua Cui Ting Yuan Phase (湖州華萃庭院) Phase 2 and Pan Hong Run Yuan Phase 1 during the financial period.

### **Properties Held For Sale**

Properties held for sale decreased from RMB762.1 million as at 31 March 2016 to RMB479.3 million as at 31 December 2016, mainly due to the handover of property units in Nanchang Sino Harbour Kaixuan City Zone 3 as well as Fuzhou Hua Cui Ting Yuan Phase 3 to the buyers.

### **Accounts Receivable**

Accounts receivable decreased from RMB3.2 million as at 31 March 2016 to RMB2.3 million as at 31 December 2016. The decrease was mainly due to recovery of accounts receivable during the financial period.

### **Prepayments and Other Receivables**

The Group's prepayments and other receivables decreased from RMB588.3 million as at 31 March 2016 to RMB458.4 million as at 31 December 2016. The decrease was mainly due to the receipts of certain significant other receivables during the financial period.

With reference to note 23(b) of notes to the financial statements of the Company's annual report for the financial year ended 31 March 2016, certain significant other receivables refers to the remaining Initial Receivable on the sale and transfer of Jiashanyang Land Parcels of RMB60,945,000, the premium resulting from prolonged settlement on the Initial Receivables of RMB60,000,000 and the rebate resulting from delay in the transfer of Southwest Land Parcels of RMB25,390,000 were received during the financial period. As such, prepayments and other receivables of the Group decreased significantly during the financial period.

### **Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss under current assets included listed equity securities in Hong Kong and the PRC.

Financial assets at fair value through profit or loss under current assets decreased from RMB3.0 million as at 31 March 2016 to RMB2.7 million as at 31 December 2016. The decrease was attributable mainly to the fair value loss recognised during the financial period.

### **Tax Recoverable**

Tax recoverable increased from RMB32.6 million as at 31 March 2016 to RMB40.6 million as at 31 December 2016, mainly attributable to prepayment of land appreciation tax and corporate income tax in the PRC during the financial period.

### **Pledged Deposits**

Long-term and short-term pledged deposits decreased from RMB407.9 million as at 31 March 2016 to RMB326.8 million as at 31 December 2016. The decrease was mainly due to the decrease in deposits pledged and secured against the bank and other loans to the Group.

### **Accounts Payable, Accruals, Receipts in Advance and Other Payables**

Accounts payable increased to RMB115.2 million as at 31 December 2016 from RMB54.5 million as at 31 March 2016 due to an increase in amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development.

Accruals, receipts in advance and other payables increased from RMB1,452.4 million as at 31 March 2016 to RMB1,474.2 million as at 31 December 2016. Accruals, receipts in advance and other payables comprised mainly of advance receipts from customers in respect of the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment as well as guarantee deposit by the subcontractor as at 31 December 2016. The increase in accruals, receipts in advance and other payables was mainly due to the net effect of (i) the increase in advance receipts from customers of Pan Hong Run Yuan Phase 1 and Huzhou Hua Cui Ting Yuan Phase 2 (ii) recognition of an interim dividend payable which was declared in the 2<sup>nd</sup> quarter financial statements and dividend announcement for the six month period ended 30 September 2016 and (iii) the decrease in advance receipts from the customers of Nanchang Sino Harbour Kaixuan City Zone 3 and Fuzhou Hua Cui Ting Yuan Phase 3 upon the handover and recognition of sale of properties.

### **Provision for Tax**

Provision for tax decreased from RMB195.0 million as at 31 March 2016 to RMB158.8 million as at 31 December 2016. The decrease was mainly attributable to repayment of tax liabilities in the financial period.

### Amounts Due to Related Parties

Amounts due to related parties increased from RMB30.2 million as at 31 March 2016 to RMB34.1 million as at 31 December 2016. The increase was mainly attributable to advances from non-controlling interests of the subsidiaries.

### Bank and Other Loans

As at 31 December 2016, the Group had bank and other loans of RMB879.6 million, a decrease from RMB1,080.4 million as at 31 March 2016, mainly due to repayment of bank and other loans during the period.

Of these bank and other loans of approximately RMB266.5 million were secured by deposits of RMB261.4 million which was classified as "Pledged deposits" as at 31 December 2016.

Based on the Group's total equity of RMB2.16 billion and deposit collateral of RMB261.4 million, the Group recorded a net gearing ratio (bank and other loans less deposit collateral / total equity) of 28.6% as at 31 December 2016, compared to 33.6% as at 31 March 2016.

### Cash Flow Analysis

In 3Q2017, the Group recorded RMB99.7 million of net cash generated from operating activities which was attributable mainly to the increase in advance receipts from customers for pre-sale of properties.

Net cash generated from investing activities in 3Q2017 amounted to RMB106.4 million, mainly due to the decrease in pledged deposits.

Net cash used in financing activities in 3Q2017 amounted to RMB69.2 million, mainly due to repayment of borrowings.

As at 31 December 2016, the Group had cash and cash equivalents of RMB411.4 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The third quarter financial results for the nine months ended 31 December 2016 is in line with the statement made in Paragraph 10 disclosed in its previous results announcement. There was no forecast or prospect statement previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

### Industry Outlook

The property market in the PRC has been improving gradually as evidenced by official data published by the National Bureau of Statistics. Official data indicated that new home prices recorded a month-on-month increase in November and December 2016 of 46 and 55 out of a statistical pool of 70 major PRC cities respectively. On a year-on-year basis, 65 out of the 70 cities recorded higher prices in December 2016.

In recent months, certain municipal and provincial governments of the PRC had released policies to tighten the fast-growing property market in order to allow it to grow steadily and healthily. The Group believes that the property market will remain relatively stable in the next 12 months.

## Company Update

### Property Pre-sales

The property pre-sales activity for the Group's projects in Huzhou, Nanchang, Fuzhou and Yichun cities remained strong. Results of Property Pre-sale Launches (as at 6 February 2017) are summarised in the tables below:

#### Residential Units

|                                                                                  | Pan Hong Run Yuan Phase 1     | Huzhou Hua Cui Ting Yuan Phase 2 | Nanchang Sino Harbour Kaixuan City Zone 2 | Fuzhou Hua Cui Ting Yuan Phase 3 | Yichun Royal Lake City Phase 2  |
|----------------------------------------------------------------------------------|-------------------------------|----------------------------------|-------------------------------------------|----------------------------------|---------------------------------|
| Est. total GFA released for sale (total units)                                   | 103,648 sq. m.<br>(944 units) | 50,400 sq. m.<br>(430 units)     | 34,095 sq. m.<br>(180 units)              | 117,177 sq. m.<br>(1,127 units)  | 101,587 sq. m.<br>(1,064 units) |
| Est. total GFA pre-sold (total units)                                            | 102,355 sq. m.<br>(937 units) | 49,321 sq. m.<br>(421 units)     | 11,737 sq. m.<br>(62 units)               | 117,066 sq. m.<br>(1,126 units)  | 99,097 sq. m.<br>(1,037 units)  |
| Percentage of pre-sold                                                           | 99%                           | 98%                              | 34%                                       | 99%                              | 98%                             |
| Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 December 2016 ^ | 102,355 sq. m.<br>(937 units) | 49,321 sq. m.<br>(421 units)     | 9,396 sq. m.<br>(53 units)                | 8,825 sq. m.<br>(86 units)       | 12,331 sq.m.<br>(106 units)     |
| Pre-sale value not handed over to buyers as at 31 December 2016 ^                | RMB673.13m                    | RMB395.34m                       | RMB119.82m                                | RMB44.31m                        | RMB52.21m                       |
| ASP per sq m*                                                                    | RMB6,576                      | RMB8,016                         | RMB12,752                                 | RMB5,021                         | RMB4,234                        |
| Expected completion date                                                         | Completed                     | Completed                        | Completed                                 | Completed                        | Completed                       |

\*: Average Sales Price ("ASP") of the projects is computed as follows: Pre-sale value not handed over to buyer divided by Pre-sale GFA not handed over to buyer.

^: Pre-sale value not handed over to buyer is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers as at 31 December 2016.

### Company Strategies

Focusing on pre-sales and quickening its pace of property development will continue to be the key strategies of the Group. The Group will continue seeking opportunities to acquire land parcels in second- to third-tier cities and consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

The Group may also consider exploring suitable business opportunities to broaden its revenue base and diversifying its core business.

**11. Dividend**

**(a) Current Financial Period Reported On**

NIL

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

NIL

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 31 December 2016.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have any general mandate from its shareholders for IPTs.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Wong Lam Ping  
Executive Chairman  
13 February 2017



**NEGATIVE ASSURANCE CONFIRMATION**

**Statement by Directors pursuant to SGX Listing Rule 705(5)**

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Pan Hong Holdings Group Limited which may render these interim financial results for the quarter ended 31 December 2016 to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
Pan Hong Holdings Group Limited

Wong Lam Ping  
Executive Chairman

Wang Cuiping  
Executive Director

Date: 13 February 2017